

COMMONWEALTH OF AUSTRALIA

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Family Name	
Given Names	
Student Number	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
Teaching Period	Semester 2, 2015

FINAL EXAMINATION	DURATION
CMA101 – Introduction to Accounting	
	Reading Time: 10 minutes
	Writing Time: 180 minutes

INSTRUCTIONS TO CANDIDATES

The examination has two sections: Section A (Practical Questions) and Section B (Multiple Choice Questions). Section A must be answered on the Exam booklet provided. Section B must be answered on the Multiple Choice Answer sheet provided in this examination paper and must be handed in with your answer booklet.

EXAM CONDITIONS

This is a RESTRICTED OPEN BOOK examination

Any non-programmable calculator is permitted

No handwritten notes are permitted

Hard copy, unannotated English translation dictionary only

Answer on the supplied examination material/s only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
No additional printed material is permitted	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet

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DOUBLE-SIDED.**

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SECTION A

Total marks for this section: 70 marks

Answer **ALL** questions. Marks for each question are indicated.
Suggested time allocation for Section A: 135 minutes.

Question 1: (12 Marks)

Small Fries is a company that processes gourmet potatoes into little french fries. Each package has a contribution margin of \$2.50. Small Fries has total fixed costs of \$40,000 each period. The selling price is \$5. Sales for the most recent period totalled \$90,000.

Required:

- A. What is the company's breakeven sales in units? **(2 Marks)**
- B. What is the company's breakeven sales in dollars? **(2 Marks)**
- C. What is the company's total contribution margin in dollars when profit is zero?
(2 Marks)
- D. What is the company's contribution margin ratio? **(2 Marks)**
- E. What is the company's margin of safety at the \$90,000 sales? **(2 Marks)**
- F. How many *additional* units must be sold to increase net profit by \$10,000? **(2 Marks)**

Question 2: (15 Marks)

Moonbeam Enterprises Pty Ltd had the following account balances at 31 December 2007:

Wages expense	1,500
Land	45,000
Loan payable	33,000
Merchandise inventory	12,480
Buildings	50,000
Interest expense	900
Cash	10,360
Insurance expense	550
Share capital	38,770
Retained earnings, 1 January 2007	40,430
Cost of goods sold	15,050
Income tax expense	1,060
Sales revenue	26,000
Supplies Expense	1,300

Required:

- A. Prepare the income statement for the year. **(7 Marks)**
- B. Prepare the balance sheet at 31 December 2007. **(8 Marks)**

Question 3: (14 Marks)

Costantino Pty Ltd just started business. The first seven transactions have been entered and processed. Below are the financial statements as produced after the seven transactions.

Balance Sheet			
Assets		Liabilities and Equity	
Cash	22,850	Payable to bank	6,285
Equipment	11,000	Payable for equipment	11,000
		Share capital	15,000
		Retained earnings	1,565
Total assets	33,850	total liabilities and equity	33,850

Income Statement	
Revenues	2,250
Expenses	
Rent	(400)
Wages	(250)
Internet service	(35)
Profit	1,565

Required:

Identify the seven transactions with as much detail about each transaction as you can.

(14 Marks)

Question 4: (14 Marks)

Jensen Farms purchased power equipment with an expected useful life of 4 years. The equipment was purchased on 1 January 2007 for \$125,000. It is expected to have a salvage value of \$5,000 at the end of 4 years.

Required:

- Prepare a depreciation schedule for the asset showing the book value and depreciation expense on the asset each year using straight line method. **(5 Marks)**
- Prepare a depreciation schedule for the asset showing the book value and depreciation expense on the asset each year using the double-declining-balance method. **(5 Marks)**
- Which method would you prefer to use for financial reporting purposes if you were general manager of the company? Explain. **(2 Marks)**
- Which method would you prefer to use for tax purposes? Explain. **(2 Marks)**

Question 5: (15 Marks)

Southern Mills is a textile manufacturing company in eastern Tennessee. Every year the company prepares a complete set of budgets. The budgeting process begins with information supplied by the Sales and Marketing department.

The balance in Accounts Receivable at the beginning of the year was \$900,000. The marketing department has predicted unit sales to be as follows:

January	1,480,000 sq. yds.
February	2,120,000 sq. yds.
March	1,300,000 sq. yds.

Selling price for the fabric is \$2.00 per square yard. Cash sales account for 25% of sales. Collections on account (non-cash sales charged to accounts receivable) are received 60% in the month of the sale and 40% in the following month.

Required:

- A. Prepare a Sales budget for Southern Mills for the first three months of the year.
(Show totals for the quarter.) **(6 Marks)**
- B. Prepare a Schedule of Expected Cash Collections for the first three months.
(6 Marks)
- C. Calculate the balance in Accounts Receivable as of the end of March. **(3 Marks)**